

[in the news](#)[home](#) [site search](#) [org chart](#) [contact us](#) [web comments](#)

BPA announces new wholesale power rate

Dramatic drop from anticipated 250% increase

[Click here for other BPA news releases](#)

Bonneville Power Administration

FOR IMMEDIATE RELEASE: FRIDAY, June 29, 2001

PR 72 01

CONTACTS: [Ed Mosey](#) or [Mike Hansen](#), BPA (503) 230-5131

PORTLAND, Ore. - "The region's utilities and industries have proven that, if we act collectively, we can benefit collectively," according to Steve Wright, the acting administrator of the Bonneville Power Administration.

"For about a year we've known that we've had a problem that would cause our rates to go up. Just a little over two months ago, BPA's customers faced a wholesale rate increase of 250 percent or more," Wright said. "Due to an unprecedented load reduction effort by utilities and industries, I am pleased to announce that the pending increase has been cut to 46 percent effective on Oct. 1."

Wright added that the response of the region to the crisis "should make us all proud to be citizens of the Pacific Northwest."

The region's utilities and industries slashed their demand from BPA by 2,277 average megawatts, which means BPA will not have to buy that power in an extremely high-priced wholesale market. That's 95 percent of the load reduction goal of 2,400 megawatts that BPA had set. This amount of power is about a quarter of BPA's regional requirements.

"I am tremendously grateful to Secretary of Energy Spencer Abraham for his early support when it was not clear this was going to be a success," Wright said. "I'm also deeply appreciative of the support from the region's congressional delegation and governors."

The load reduction effort will result in lower rates than would otherwise have been necessary to cover the costs of high-priced power purchases. Moreover, it will save jobs. "As many as 25,000 people will still be working who otherwise would have been laid off if wholesale rates had increased 250 percent," Wright estimated. "The reliability of the power system also is substantially improved and market prices are falling. All of this is a direct result of the thousands of individuals around the region taking actions that benefit the region as a whole."

Wright said the action the region took to lower the rate increase will save ratepayers approximately \$4 billion. "This is money that otherwise would have come out of the pockets of businesses struggling to compete, farmers facing lower commodity prices and everyone who pays electric bills," Wright said.

While the rates for the six months beginning Oct. 1 cannot be altered, utilities that have not yet reduced

their load on BPA still have a chance to make a contribution. If they sign up, they can further reduce BPA's need to purchase expensive power from the market. Since BPA passes on costs in rates, any further efforts at load reduction will show up in future rate savings.

BPA will reassess rates every six months and adjust them to account for actual power costs. BPA is a not-for-profit federal wholesale power marketing agency. As such, it passes costs directly to its utility and industry customers without markup. The size of the retail rate hike will vary by utility.

"Although the region has substantially reduced its exposure to the market, we recognize that the rate increase is still a steep one," Wright said. He urged the region not to relax its efforts to conserve energy.

"Our challenge will be to communicate to people and businesses region wide the specific information they need to reduce electricity use over the next six months," he said.

"What we have done in the short-term strategy responds to the immediate crisis," Wright said. "The President's National Energy Plan calls out the need to build an energy infrastructure that will provide for long-term reliability and low cost. The region must now focus on necessary investments in energy efficiency, power plants, and electric power and natural gas transmission facilities to bring supply and demand into balance. This is the only way to assure long-term prosperity while protecting the environment of the Pacific Northwest.

"We've demonstrated that we can regain control of our regional energy destiny," Wright said. "Now let's prove that we can keep it."

###
